



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 31, 2000

S. 2

Educational Opportunities Act

*As ordered reported by the Senate Committee on Health, Education, Labor, and Pensions
on March 9, 2000*

SUMMARY

Programs under the Elementary and Secondary Education Act of 1965 (ESEA) are authorized through 2000 under the General Education Provisions Act (GEPA). S. 2 would extend the authorization for most of these programs through 2005. It would also revise or reauthorize parts of the Stuart B. McKinney Homeless, Albert Einstein Distinguished Educator, and National Child Protection Acts. In addition, it would reauthorize activities that are currently authorized under the Higher Education Act of 1998 (HEA) and Parts III and IV of the Goals 2000: Educate America Act (Goals 2000). Those provisions of Goals 2000 were repealed by the Department of Education Appropriations Act, 2000, contained in the Consolidated Appropriations Act, 2000 (Public Law 106-113). Because most of these programs will qualify for an automatic one-year extension, CBO has estimated costs through 2006.

CBO estimates that authorizations under the bill relative to current law would total about \$25.3 billion in 2001 and about \$158.6 billion over the 2001-2006 period, assuming adjustments for inflation, or \$25.3 billion and \$152.2 billion, respectively, without such adjustments. Over the 2001-2006 period, CBO estimates that implementing S. 2 would increase outlays by \$125.6 billion assuming appropriations that keep pace with inflation, and by \$121.6 billion without such inflation adjustments.

In addition, CBO estimates that the funding structure for two bonus payment plans under S. 2 would result in direct spending of \$2.6 billion in 2006 and an additional \$100 million after 2006. Because S. 2 would affect direct spending, pay-as-you-go procedures would apply to the bill. We estimate, however, that there would be no impact on direct spending or receipts over the years for which such procedures apply: the current year and the next five years.

The reauthorization of programs under S. 2 would provide grants to state and local education agencies and tribal governments to assist specific populations of students in meeting state performance standards. The bill contains no intergovernmental or private-sector mandates

as defined in the Unfunded Mandates Reform Act (UMRA). Any costs incurred by state, local, or tribal governments would result from complying with conditions of aid.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2 is shown in Table 1. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

CBO's estimate of the total spending under current law for 2001 includes budget authority that was provided in advance under Public Law 106-113 and outlays from both this advanced authority and funding from previous years. CBO's estimate of proposed changes under S. 2 does not make any assumptions about advanced funding. Therefore, the estimate of total spending in 2001 under S. 2 includes the advance appropriation enacted for the 2000-2001 academic year as well as the total estimated funding under S. 2 for the 2001-2002 academic year.¹

BASIS OF ESTIMATE

S.2 would reauthorize several existing education programs and create some new ones. Most of the bill's provisions would be subject to appropriation action. For the purposes of this estimate, CBO assumes that S. 2 will be enacted by the end of fiscal year 2000 and that all estimated amounts will be appropriated for each year. Table 1 shows two alternative funding paths: one that includes annual adjustments for anticipated inflation and one without such adjustments.

Two of the provisions in title VI would increase direct spending, beginning in 2006. The bill explicitly provides \$2.5 billion in direct spending authority for one of those provisions. CBO estimates direct spending of \$200 million for the other provision based on state eligibility requirements that title VI would establish. Of the \$2.7 billion total for direct spending, CBO estimates that \$2.6 billion would occur in 2006, with the remaining \$100 million coming over 2007 and 2008.

1. Funds for education programs are generally provided on an academic-year basis, so appropriations made in 2000, including any advances for 2001, are intended for the 2000-2001 academic year.

TABLE 1. ESTIMATED BUDGETARY EFFECTS OF S. 2

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION							
With Adjustments For Inflation							
Spending Under Current Law							
Budget Authority/Authorization Level ^a	13,348	8,077	165	168	171	0	0
Estimated Outlays	12,757	12,280	3,784	987	300	192	51
Total Proposed Discretionary Changes							
Estimated Authorization Level	0	25,332	25,707	26,144	26,587	27,209	27,659
Estimated Outlays	0	2,097	19,207	24,706	25,974	26,493	27,067
Spending Under S. 2							
Estimated Authorization Level	13,348	33,410	25,872	26,313	26,758	27,209	27,659
Estimated Outlays	12,757	14,376	22,991	25,693	26,273	26,685	27,118
Without Adjustments For Inflation							
Spending Under Current Law							
Budget Authority/Authorization Level ^a	13,348	8,075	160	160	160	0	0
Estimated Outlays	12,757	12,280	3,782	982	292	182	48
Total Proposed Discretionary Changes							
Estimated Authorization Level	0	25,335	25,311	25,301	25,296	25,456	25,456
Estimated Outlays	0	2,097	19,175	24,370	25,217	25,292	25,409
Spending Under S. 2							
Estimated Authorization Level	13,348	33,410	25,471	25,461	25,456	25,456	25,456
Estimated Outlays	12,757	14,376	22,957	25,352	25,510	25,474	25,457
CHANGES IN DIRECT SPENDING							
Estimated Budget Authority	0	0	0	0	0	0	2,600
Estimated Outlays	0	0	0	0	0	0	2,600

NOTE: Components may not sum to totals because of rounding.

a. The 2000 level is the amount appropriated for that year. The 2001 level includes \$7.9 billion from an advance appropriation already enacted. Remaining amounts for 2001 and subsequent years are the estimated authorization levels under current law.

Spending Subject to Appropriation

S. 2 would reauthorize funding through 2005 for various programs created under ESEA and other acts which authorize education programs. These programs, most of which would have expired in 1999 had not the automatic one-year extension provided under GEPA applied, would generally be reauthorized at specific levels for 2001 and for such sums as may be necessary for 2002 through 2005.² As most of these programs will qualify for an additional one-year extension under GEPA, CBO estimates costs through 2006.

CBO estimates that the bill would increase authorized levels by \$25.3 billion in 2001 and by \$158.6 billion over the 2001-2006 period assuming that "such sums" amounts provided after 2001 are adjusted for inflation. If the authorized amounts are appropriated, S. 2 would increase outlays relative to current-law authorizations by \$2.1 billion in the first year and by \$125.6 billion over the six-year period. Without inflationary adjustments, the increased authorizations would result in outlays of \$121.6 billion over the six years.

Table 2 provides a detailed breakdown of CBO's estimates for the various components of each title under S. 2. For most existing programs that S. 2 would simply reauthorize, the outlay estimates reflect CBO's current spendout rate assumptions. Because most education programs are funded on a forward-funded basis, first-year spending is consistently slow for all programs, with variation in spending patterns in the subsequent years. Historically, spending occurs at an even slower rate for new programs, programs that experience significant funding increases, or programs with matching requirements or other restrictions. Conversely, spending may increase when additional activities are authorized for use with program funds. For new programs or significant revisions to existing authorizations under S. 2, an explanation of CBO's outlay assumptions is provided after Table 2.

For several of the new or significantly expanded competitive programs under S. 2, CBO assumed an outlay rate of 3 percent in the first year and a rate of 65 percent in the second year (with additional amounts in subsequent years). We refer to this pattern of spending as the rate for new, competitive, matching grant programs. By comparison, the established formula grant program under Title I of ESEA has a pattern of spending 5 percent in the first year and 70 percent in the second year.

2. The Charter Schools Program is currently authorized through 2003 under the Charter School Reauthorization Act and through 2004 under GEPA. The Albert Einstein Distinguished Educator Act is funded through the Department of Energy and is not subject to GEPA.

TABLE 2. DETAILED DISCRETIONARY EFFECTS OF S. 2, WITH ADJUSTMENTS FOR INFLATION

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION							
Spending Under Current Law							
Budget Authority /Authorization Level ^a	13,348	8,077	165	168	171	0	0
Estimated Outlays	12,757	12,280	3,784	987	300	192	51
Proposed Changes:							
Title I - Helping Disadvantaged Children Meet High Standards							
Grants to Local Education Agencies (LEAs)							
Estimated Authorization Level	0	15,000	15,236	15,501	15,767	16,032	16,298
Estimated Outlays	0	750	12,012	14,902	15,457	15,722	15,987
School Improvement							
Estimated Authorization Level	0	136	138	141	143	146	148
Estimated Outlays	0	7	109	135	140	143	145
Capital Expense Account							
Estimated Authorization Level	0	15	15	5	0	0	0
Estimated Outlays	0	1	12	14	7	1	0
Education Finance Incentive Program							
Estimated Authorization Level	0	200	203	207	210	214	217
Estimated Outlays	0	10	160	199	206	210	213
Child Centered Program							
Estimated Authorization Level	0	500	508	517	526	534	543
Estimated Outlays	0	15	340	481	514	523	531
GAO Report and Evaluation							
Estimated Authorization Level	0	9	0	0	0	0	0
Estimated Outlays	0	*	3	3	3	*	0
Even Start Family Literacy							
Estimated Authorization Level	0	500	508	517	526	534	543
Estimated Outlays	0	15	365	456	514	523	531
Education of Migratory Children							
Estimated Authorization Level	0	400	406	413	420	428	435
Estimated Outlays	0	20	320	397	412	419	426
Parental Assistance							
Estimated Authorization Level	0	50	51	52	53	53	54
Estimated Outlays	0	3	23	43	49	51	53

Continued

TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005	2006
Federal Activities							
Estimated Authorization Level	0	35	36	36	37	37	38
Estimated Outlays	0	2	28	35	36	37	37
Comprehensive School Reform							
Estimated Authorization Level	0	200	203	207	210	214	217
Estimated Outlays	0	6	136	192	206	209	213
Assistance to Address School Dropouts							
Coordinated National Strategy							
Estimated Authorization Level	0	5	5	5	5	5	5
Estimated Outlays	0	2	4	5	5	5	5
Grants to States							
Estimated Authorization Level	0	125	127	129	131	134	136
Estimated Outlays	0	4	85	120	128	131	133
Capacity Building Initiative							
Estimated Authorization Level	0	20	20	21	21	21	22
Estimated Outlays	0	8	16	20	21	21	21
Subtotal, Title I							
Estimated Authorization Level	0	17,195	17,456	17,750	18,049	18,353	18,657
Estimated Outlays	0	842	13,611	17,000	17,694	17,994	18,297
Title II - Professional Development for Teachers							
Teacher Empowerment							
Estimated Authorization Level	0	1,960	1,991	2,026	2,060	2,095	2,130
Estimated Outlays	0	98	1,374	1,885	2,015	2,050	2,084
Alternative Routes to Teaching and Promoting Excellence in Teaching							
Estimated Authorization Level	0	40	41	41	42	43	43
Estimated Outlays	0	2	28	38	41	42	43
Leadership Education and Development							
Estimated Authorization Level	0	100	102	103	105	107	109
Estimated Outlays	0	3	68	96	103	105	106
Reading Excellence							
Estimated Authorization Level	0	280	284	289	294	299	304
Estimated Outlays	0	3	140	226	272	291	296
National Writing Project							
Estimated Authorization Level	0	15	15	16	16	16	16
Estimated Outlays	0	2	12	15	15	16	16

Continued

TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005	2006
New Century Program for Distributed Teacher Professional Development							
Estimated Authorization Level	0	20	20	21	21	21	22
Estimated Outlays	0	1	14	19	21	21	21
Digital Education Content Collaborative							
Estimated Authorization Level	0	25	25	26	26	27	27
Estimated Outlays	0	1	17	24	26	26	27
Subtotal, Title II							
Estimated Authorization Level	0	2,440	2,478	2,522	2,565	2,608	2,651
Estimated Outlays	0	109	1,652	2,304	2,493	2,550	2,593
Title III - Enrichment Initiatives							
21st Century Community Learners							
Estimated Authorization Level	0	500	508	517	526	534	543
Estimated Outlays	0	25	225	429	486	514	528
Initiatives for Neglected, Delinquent, or At-risk Students							
Estimated Authorization Level	0	42	43	43	44	45	46
Estimated Outlays	0	2	34	42	43	44	45
Javits Gifted and Talented							
Estimated Authorization Level	0	155	157	160	163	166	168
Estimated Outlays	0	5	105	149	159	162	165
Arts in Education							
Estimated Authorization Level	0	25	25	26	26	27	27
Estimated Outlays	0	1	18	24	26	26	27
Cultural Partnerships for At-risk Youth							
Estimated Authorization Level	0	45	46	47	47	48	49
Estimated Outlays	0	1	31	43	46	47	48
Advanced Placement Incentive Program							
Estimated Authorization Level	0	50	51	52	53	53	54
Estimated Outlays	0	3	35	48	51	52	53
Repeal of Higher Education Advanced Placement Program							
Estimated Authorization Level	0	-15	-15	-16	-16	0	0
Estimated Outlays	0	-1	-11	-15	-16	-15	-5
Subtotal, Title III							
Estimated Authorization Level	0	802	814	829	843	873	888
Estimated Outlays	0	36	437	720	796	831	860

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TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005	2006
Title IV - Safe and Drug Free Schools and Communities							
State Grants							
Estimated Authorization Level	0	700	711	723	736	748	761
Estimated Outlays	0	35	491	673	720	732	744
National Programs							
Estimated Authorization Level	0	150	152	155	158	160	163
Estimated Outlays	0	8	105	144	154	157	160
Coordinator Initiative							
Estimated Authorization Level	0	75	76	78	79	80	81
Estimated Outlays	0	4	53	72	77	78	80
Subtotal, Title IV							
Estimated Authorization Level	0	925	940	956	972	989	1,005
Estimated Outlays	0	46	648	890	951	967	984
Title V - Educational Opportunity Initiatives							
Technology Education							
Estimated Authorization Level	0	830	828	842	857	871	886
Estimated Outlays	0	42	373	705	794	839	861
Star Schools							
Estimated Authorization Level	0	50	51	52	53	53	54
Estimated Outlays	0	3	23	43	49	51	53
Magnet Schools Assistance							
Estimated Authorization Level	0	125	127	129	131	134	136
Estimated Outlays	0	6	88	120	129	131	133
Charter Schools							
Estimated Authorization Level	0	28	28	28	29	187	190
Estimated Outlays	0	1	19	26	28	37	140
Women's Educational Equity							
Estimated Authorization Level	0	5	5	5	5	5	5
Estimated Outlays	0	*	4	5	5	5	5
Civic Education and International Education Exchange							
Estimated Authorization Level	0	20	20	21	21	21	22
Estimated Outlays	0	2	16	20	21	21	21

Continued

TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005	2006
Fund for the Improvement of Education							
Estimated Authorization Level	0	100	102	103	105	107	109
Estimated Outlays	0	12	80	99	103	105	107
Ellender Fellowships							
Estimated Authorization Level	0	2	2	2	2	2	2
Estimated Outlays	0	*	1	1	2	2	2
Ready to Learn TV							
Estimated Authorization Level	0	50	51	52	53	53	54
Estimated Outlays	0	3	23	43	49	51	53
Inexpensive Book Distribution							
Estimated Authorization Level	0	25	25	26	26	27	27
Estimated Outlays	0	1	18	24	26	26	27
Subtotal, Title V							
Estimated Authorization Level	0	1,234	1,238	1,260	1,281	1,461	1,485
Estimated Outlays	0	70	644	1,087	1,204	1,268	1,401
Title VI - Innovative Education							
Innovative Education Program Strategies							
Estimated Authorization Level	0	850	863	878	893	909	924
Estimated Outlays	0	43	596	818	874	889	904
Grants to Small Rural LEAs							
Estimated Authorization Level	0	63	63	65	66	67	68
Estimated Outlays	0	3	44	60	64	65	66
Grants to Poor Rural LEAs							
Estimated Authorization Level	0	63	63	65	66	67	68
Estimated Outlays	0	3	44	60	64	65	66
Evaluation of Administrative Flexibility							
Estimated Authorization Level	0	*	*	*	*	*	*
Estimated Outlays	0	*	*	*	*	*	*
Subtotal, Title VI							
Estimated Authorization Level	0	975	990	1,008	1,025	1,042	1,059
Estimated Outlays	0	49	683	938	1,003	1,020	1,037

Continued

TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005	2006
Title VII - Bilingual Education							
Bilingual Education							
Estimated Authorization Level	0	300	305	310	315	321	326
Estimated Outlays	0	15	210	289	308	314	319
Immigrant Education							
Estimated Authorization Level	0	200	203	207	210	214	217
Estimated Outlays	0	24	160	199	206	210	213
Subtotal, Title VII							
Estimated Authorization Level	0	500	508	517	526	534	543
Estimated Outlays	0	39	371	488	515	524	532
Title VIII - Impact Aid							
Payments for Federal Property							
Estimated Authorization Level	0	35	36	36	37	37	38
Estimated Outlays	0	32	35	36	37	37	38
Additional Payments for Certain LEAs Impacted by Federal Property Acquisition							
Estimated Authorization Level	0	1	1	1	1	1	1
Estimated Outlays	0	*	*	1	1	1	1
Basic Support System Payments and Payments for Heavily Impacted Districts							
Estimated Authorization Level	0	875	889	904	920	935	951
Estimated Outlays	0	788	870	902	918	933	949
Payments for Children with Disabilities							
Estimated Authorization Level	0	60	61	62	63	64	65
Estimated Outlays	0	54	60	62	63	64	65
Formula Construction							
Estimated Authorization Level	0	13	13	13	13	13	14
Estimated Outlays	0	11	12	13	13	13	14
School Modernization							
Estimated Authorization Level	0	50	51	52	53	53	54
Estimated Outlays	0	5	19	43	51	52	53

Continued

TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005	2006
Facilities Maintenance							
Estimated Authorization Level	0	7	7	7	7	7	8
Estimated Outlays	0	1	3	6	7	7	7
Subtotal, Title VIII							
Estimated Authorization Level	0	1,040	1,056	1,074	1,093	1,111	1,129
Estimated Outlays	0	890	998	1,063	1,089	1,107	1,126
Title IX - Indian, Native Hawaiian, and Alaska Native Education							
Indian Education Grants							
Estimated Authorization Level	0	62	63	64	65	66	67
Estimated Outlays	0	7	50	62	64	65	66
Special Programs and National Activities							
Estimated Authorization Level	0	4	4	4	4	4	4
Estimated Outlays	0	*	3	4	4	4	4
Grants Administration and Planning							
Estimated Authorization Level	0	3	3	3	3	3	3
Estimated Outlays	0	*	2	3	3	3	3
Education for Native Hawaiians							
Estimated Authorization Level	0	23	23	24	24	25	25
Estimated Outlays	0	1	16	22	24	24	24
Alaska Native Education Equity							
Estimated Authorization Level	0	17	17	18	18	18	18
Estimated Outlays	0	1	12	16	17	18	18
Subtotal, Title IX							
Estimated Authorization Level	0	109	111	113	115	117	118
Estimated Outlays	0	10	83	107	112	114	116
Title X - General Provisions							
General Provisions							
Estimated Authorization Level	0	3	3	3	3	3	3
Estimated Outlays	0	*	2	2	3	3	3
Comprehensive Regional Assistance Centers							
Estimated Authorization Level	0	70	71	72	74	75	76
Estimated Outlays	0	4	49	67	72	73	74
Subtotal, Title X							
Estimated Authorization Level	0	73	74	75	76	77	79
Estimated Outlays	0	4	51	70	75	76	77

Continued

TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004	2005	2006
Title XI - Amendments to Other Laws							
Education for Homeless Children and Youth							
Estimated Authorization Level	0	40	41	41	42	43	43
Estimated Outlays	0	2	28	38	41	42	43
Albert Einstein Distinguished Educators							
Estimated Authorization Level	0	1	1	1	1	1	1
Estimated Outlays	0	*	*	1	1	1	1
Subtotal, Title XI							
Estimated Authorization Level	0	41	41	42	43	44	44
Estimated Outlays	0	2	29	39	42	43	44
Total Proposed Changes							
Estimated Authorization Level	0	25,332	25,707	26,144	26,587	27,209	27,659
Estimated Outlays	0	2,097	19,207	24,706	25,974	26,493	27,067
Total Discretionary Spending Under S. 2							
Estimated Authorization Level	13,348	33,410	25,872	26,313	26,758	27,209	27,659
Estimated Outlays	12,757	14,376	22,991	25,693	26,273	26,685	27,118

NOTE: Components may not sum to totals because of rounding.

a. The 2000 level is the amount appropriated for that year. The 2001 level includes \$7.9 billion from an advance appropriation already enacted. Remaining amounts for 2001 and subsequent years are the estimated authorization levels under current law.

* = Less than \$500,000.

Title I - Helping Disadvantaged Children Meet High Standards. Title I would reauthorize and revise programs currently authorized under parts A, B, C, and E of Title I of ESEA.³ It would also introduce three new programs under the same title: the Parental Involvement Grant program, the Comprehensive School Reform program, and the Child Centered Program. S. 2 would authorize a total of \$17.2 billion for 2001 for all programs under title I. CBO estimates the total funding required for title I for the 2001-2006 period

3. Part D, which authorizes grants for neglected and delinquent youth, would be reauthorized under part B of title III of S. 2.

would be \$107.5 billion, assuming adjustments for inflation. We estimate resulting outlays of \$85.4 billion over the 2001-2006 period.

Part A - Basic Program. S. 2 would reauthorize the Basic and Concentration Grant programs under Part A of Title I of ESEA. The legislation would introduce stricter reporting requirements, phase out the capital expense account, add requirements to increase parental involvement, and increase the allowable set-aside for school improvement activities. It would also reauthorize two programs which have not been funded, the Targeted Grant program and the Education Finance Incentive Program. It would also establish a new program that would allow parents to control how Title I funds are spent on their child.

Currently, states identified for school improvement are allowed to set aside 0.5 percent of certain Title I funds for school improvement activities. S. 2 would allocate 50 percent of appropriations in excess of the inflated 2000 funding level for improvement activities in addition to the set-aside. The legislation would direct any remaining excess to fund the Targeted Grant program. A similar provision exists in current law in reference to increases above 1995 levels, but funds have never been appropriated for these targeted grants.

In addition, S. 2 would continue a separate authorization for school improvement at such sums as may be necessary for 2001. While this provision has never been directly funded, Public Law 106-113 set aside \$134 million for similar activities from amounts appropriated for basic grants. CBO assumes that new funds would be provided specifically through this additional authorization. As the new school improvement set-aside under S. 2 would also address these activities (providing an additional \$3.5 billion for 2001 assuming appropriation of authorized levels), CBO estimates that funding under this authorization in subsequent years would be consistent with the 2000 appropriation. Therefore, CBO's estimate for 2001 is \$136 million, the 2000 level of \$134 million plus inflation.

S. 2 would authorize \$15 billion for 2001 for the basic, concentration, and targeted grants under Part A. The comparable funding for the 2000-2001 academic year was \$7.9 billion.

S. 2 would continue the authorization of the capital expense account. This account funds costs associated with ensuring that Title I services to private school children are administered in neutral settings. In response to the 1997 Supreme Court ruling that overturned this requirement, S. 2 would phase out funding over three years, authorizing \$15 million for 2001, \$15 million for 2002, and \$5 million for 2003. Funding for 2000 was \$12 million.

S. 2 would authorize \$200 million for 2001 to reauthorize the Education Finance Incentive Program, which has never been funded. The program would reward states that finance education in an equitable manner and at reasonable levels based on the state's relative wealth. The Secretary of Education would calculate an equity factor, reflecting the consistency of

spending among districts, and an effort factor, determined by the extent to which the state's per pupil spending level is consistent with its relative per capita income. The bill would authorize the Secretary to award payments in proportion to the combination of these two factors. States would be required to use these funds for the same purposes as other grants under this part; therefore, CBO assumes funds will be spent at the same rate.

S. 2 would authorize \$500 million for 2001 for a new Child Centered Program to be established in up to 10 states and an additional 22 Local Education Agencies (LEAs). Participating states or LEAs would offer supplemental educational programs in various schools. Parents of eligible students could choose the school that would provide the supplemental services for their child and the specific amount allocated for their child would be directed to that school. Parents would also have the option to direct the school to use the funds for contracted tutorial services. The specific per pupil amount that would be made available for the parent's discretion would be determined by the LEAs or states, who could also use current Title I funds for this purpose in addition to funds made available specifically for this subpart. To be eligible, an agency must ensure that parents have an adequate number of choices among potential providers of the supplemental services. The program would also authorize a school-wide component for schools in which greater than 50 percent of their students chose to apply their funds to that school's child centered program.

CBO estimates that designing these supplemental programs and establishing policies to administer the parental choice component and per pupil tracking of funds would require significant start-up time. Therefore, CBO expects that spending will occur slowly with only \$15 million in outlays in 2001 increasing to \$531 million in 2006.

S. 2 would also direct the Comptroller General to enter into a contract to conduct a comprehensive evaluation of the child centered program, based on annual evaluations of each program funded under this part. It would require an interim report after three years and a final report by March of 2006. Based on estimates from the General Accounting Office, CBO estimates the total cost of the evaluation and reports would be \$8.5 million. Assuming that funding is provided in 2001, CBO estimates the costs would be spread over the 2001-2005 period, with most of the costs incurred for data collection between 2002 and 2004.

Part B - Even Start Family Literacy. S. 2 would significantly increase funding for Even Start Family Literacy programs. It would authorize \$500 million for 2001, compared with the 2000 funding level of \$150 million. If actual appropriations exceed \$150 million, the legislation would require 50 percent of such excess, not to exceed \$2 million, to be set aside for a research project through the National Institute for Literacy. In addition, the bill would require long-term recipients to assume a greater share of costs, lowering the allowable federal share of total spending to 35 percent for the ninth year and beyond. It also would expand the program's authorization to allow funds to be used in collaboration with other

Title I funds for programs that serve children over eight years old. Currently funds are exclusively for programs serving children ages eight and under. CBO estimates that these changes would not change spending rates significantly.

Part C - Education of Migratory Children. S. 2 would authorize \$400 million to continue to fund grants to support the needs of children of migratory workers, currently authorized under Part C of Title I. The funding level for 2000 was \$355 million.

Under current law, the Secretary may set aside a maximum of \$6 million from the total appropriation under Part C of Title I of ESEA to meet existing data gathering and reporting requirements. S. 2 would require the Secretary to establish a national tracking system for children of migratory workers. States would be required to gather specific data and make the information available through electronic access. S. 2 would increase the maximum set-aside to \$10 million to address the additional cost of establishing the system.

Current law also encourages states and LEAs to establish consortia to coordinate tracking efforts and allows \$1.5 million of the funds set aside for data gathering to be used to provide incentive grants to such consortia. S. 2 would double the authorized set-aside for these incentive grants to \$3 million.

CBO estimates that these increased set-asides will not significantly alter the spending behavior of this program.

Part D - Parental Assistance. S. 2 would authorize \$50 million for 2001 for a new Parental Assistance program. The program would replace and expand on the Parental Assistance Funds program, authorized under Title IV of Goals 2000. The existing program is repealed effective September 30, 2000, under Public Law 106-113. Funds provided under this part would be used to support continuation grants for recipients under the current program. CBO estimates that the funds from this new program will demonstrate a spending rate consistent with the current program, which was funded at \$33 million in 2000. CBO estimates outlays for 2001 of \$3 million and \$221 million over the six-year period.

Part E - Federal Activities. S. 2 would authorize \$35 million for 2001 to continue the existing authority to conduct federal evaluations of programs for the disadvantaged and to fund demonstrations of innovative strategies for serving disadvantaged children. For 2000, \$9 million was provided for evaluations and \$170 million was funded under the demonstration authority for the Comprehensive School Reform program, which would be authorized separately under S. 2. As the bill would introduce no changes to the underlying authorization, CBO estimates a spending rate consistent with the current programs.

Part F - Comprehensive School Reform. S. 2 would authorize \$200 million for 2001 to continue the Comprehensive School Reform Grant program created through a 1998 appropriations act. The program was funded in 2000 at \$170 million under Title I's demonstration authority and at \$50 million under the Fund for the Improvement of Education for a non-Title I component. CBO assumes a spending rate consistent with the current program's spending pattern.

Part G - Assistance to Address School Dropouts. S. 2 would introduce a new Assistance to Prevent School Dropouts program. A program to address school dropouts is currently authorized under Part C of Title V of ESEA, but has never been funded. Subpart 1 would authorize \$5 million for the Coordinated National Strategies component to fund research and the coordination of dropout prevention strategies and to establish a national recognition program. Subpart 2 would authorize \$125 million for 2001 to fund grants to states based on their relative share of Title I funds. States could award grants on a competitive basis directly to schools with high dropout rates. Funds could only be used to cover start-up and implementation costs of activities associated with whole school dropout prevention programs that are research based. It would authorize an additional \$20 million for 2001 under subpart 3 to fund contracts with nonfederal entities to conduct capacity building and design initiatives.

CBO expects that spending for subparts 1 and 3 would be consistent with other research initiatives, while outlays for subpart 2 would occur at a spending rate consistent with other new competitive matching grant programs.

Title II - Professional Development for Teachers. Title II would authorize a total of \$2.4 billion for 2001 for several initiatives that address teacher hiring, recruitment, and professional development. CBO estimates the total cost of implementing this title would be \$15.3 billion for the 2001-2006 period, with resulting outlays of \$11.7 billion over that period.

Part A - Teacher Empowerment. The Teacher Empowerment Act would authorize a total of \$2.0 billion for 2001 for a block grant to fund many activities previously authorized under the Eisenhower Professional Development and Class Size Reduction programs, both of which would be discontinued. The combined funding level for the 2000-2001 academic year was \$1.64 billion under Eisenhower Professional Development and the Class Size Reduction programs.

S. 2 would reserve \$40 million of funds under part A for subsection 4 which would authorize the Alternative Routes to Teaching and Promoting Excellence in Teaching program. This subsection would authorize grants to the National Board for Professional Teaching Standards to complete a national certification system and continuation grants for the Eisenhower

National Clearinghouse program. It would also authorize competitive grants to education consortia to establish teacher academies that promote alternative routes to certification or teacher training programs.

For funds under subsection 4 of this part, CBO assumes a spending rate consistent with other new competitive grant programs. The remaining \$1.96 billion is assumed to spend at a rate consistent with programs it would replace.

Part B - Leadership Education and Development. S. 2 would authorize \$100 million for 2001 for competitive grants to state or local education entities to establish professional development opportunities for educators in leadership roles. S. 2 would require 20 percent of the costs of such programs to be covered by nonfederal sources. CBO assumes a spending rate consistent with other new competitive matching grant programs.

Part C - Reading Excellence. S. 2 would authorize \$280 million for 2001 to continue the Reading Excellence program, currently authorized under Part C of Title II of ESEA. The 2000 funding level for this program was \$260 million.

Part D - National Writing Project. S. 2 would authorize \$15 million for 2001 to continue the National Writing Project, currently funded under Part K of Title X of ESEA. The 2000 funding level for this program was \$9 million.

Part E - The New Century Program for Distributed Teacher Professional Development. S. 2 would authorize \$20 million for 2001 to continue and expand on the purposes of the Telecom Demonstration program, currently authorized under Part D of Title III of ESEA. The 2000 funding level for this program was \$8.5 million. Despite the significant increase in funds, CBO assumes a spending rate consistent with the current program.

Part F - Digital Education Content Collaborative. S. 2 would authorize \$25 million for 2001 for a new program to support the development of educational videos. It would authorize three-year grants with a 50-percent matching requirement. CBO assumes a spending rate consistent with other new competitive matching grant programs.

Title III - Education Enrichment. Title III would authorize a total of \$802 million for 2001 to continue four programs that focus on unique student populations or are offered outside the traditional classroom or school day. CBO estimates the total cost of implementing this title would be \$5.0 billion for the 2001-2006 period, with resulting outlays of \$3.7 billion over that period.

Part A - 21st Century Community Learners. S. 2 would authorize \$500 million for 2001 to continue the 21st Century Learners program, currently authorized under Part I of Title X of ESEA, with no significant revisions. The 2000 funding level was \$453 million.

Part B - Initiatives for Neglected, Delinquent, or At-risk Students. S. 2 would authorize \$42 million for grants for education programs for neglected or delinquent youth, currently authorized under Part D of Title I of ESEA. The 2000 funding level was also \$42 million.

Part C - Javits Gifted and Talented. S. 2 would reauthorize and significantly revise the Javits Gifted and Talented program, currently authorized under Part B of Title X of ESEA. The current program supports competitive grants to states to develop and implement model programs that identify and challenge gifted and talented students. It also supports activities conducted through the National Center for Research and Development in the Education of Gifted and Talented Children and Youth.

Under S. 2, once funding exceeds \$50 million, the program would be converted into a formula grant program supporting research-based gifted and talented programs in all states. It would set aside up to \$50 million for continuation grants to current recipients under the competitive grant structure. The bill would allow 30 percent of funds to be reserved for the National Center for Research and Development.

The remainder would be allocated among states based on their relative school-age population. States could set aside 10 percent for administrative and application review purposes and 2 percent for statewide parental support initiatives. The remainder would be allocated to LEAs on a competitive basis for activities targeted at gifted and talented students including offering professional development opportunities, implementing of model programs, or providing services for gifted students via distance learning. States would be required to fund 20 percent of program costs through nonfederal sources.

The bill would authorize \$155 million for 2001 and such sums as necessary through 2005. The 2000 funding level for the current competitive grant program is \$6.5 million. Typically, pilot programs demonstrate slower spending rates when they are expanded to become permanent grant programs. Spending also slows when matching requirements are introduced or when the scope of the program increases significantly. Therefore, CBO estimates that the program authorized under S. 2 would spend more slowly than the current program. CBO assumes a rate consistent with other new competitive matching grant programs.

Part D - Arts in Education. S. 2 would authorize \$25 million for 2001 to continue to support art education programs through the John F. Kennedy Center for the Performing Arts and VSA (formerly Very Special Arts) currently authorized under Part D of Title X of ESEA.

Funding for 2000 was \$12 million and CBO assumes spending to remain consistent with current rates.

S. 2 also would authorize \$45 million for the Cultural Partnerships for At-risk Youth program, also authorized under Part D of Title X but which has never been funded. S. 2 would authorize competitive grants and require 20 percent of program costs to be covered by nonfederal sources. Recipients could use funds for activities aimed at improving educational performance of at-risk youth, defined as those who have a history of drug use, are pregnant or have children, or have been incarcerated. Unlike the current authorization, S. 2 would not allow funds to be used for transportation, child care for children of participants, or equipment and supplies. CBO assumes a spending rate consistent with other new competitive matching grant programs.

Part E - Advanced Placement Incentive Program. S. 2 would repeal the Advanced Placement program, authorized under Part B of Title VII of HEA and authorize the same activities under a new Advanced Placement Incentive Program. It would also introduce a grant program component for states to provide on-line advanced placement courses. The bill would authorize \$50 million for 2001, directing 30 percent of the actual appropriation to be used for the traditional advanced placement program and the remaining 70 percent for grants under the on-line program. Comparable funding for the traditional program for 2000 was \$15 million.

Title IV - Safe and Drug Free Schools and Communities Act. S. 2 would authorize a total of \$925 million to continue the Safe and Drug Free Schools and Communities program in 2001, currently authorized under Title IV of ESEA. CBO estimates the total cost of enacting this title would be \$5.8 billion for the 2001-2006 period, with resulting outlays of \$4.5 billion over that period.

Part A - State Grants. S. 2 would authorize \$700 million for 2001 for grants to state educational agencies and governors' programs and introduce several revisions. The comparable funding level for the 2000-2001 academic year was \$439 million. It would require states to establish an advisory council, to implement a uniform management information system to track program services, and to include a parent involvement component in their state plans. It would allow states to submit interim plans while they incorporate these changes. It would also increase the allowable set-aside for administrative purposes from 4 percent to 5 percent, grant states more discretion in allocating funds to LEAs, and remove a requirement that 10 percent of the governors' program funds be used for Law Enforcement Education Partnerships programs. It would maintain the current 20-percent cap on funds that can be spent on purchasing security devices such as metal detectors, but would expand the list of allowable devices to include electronic locks,

surveillance cameras and other technologies. CBO estimates that the net effect of these provisions would not change the current spending rate for this program.

S. 2 also would authorize \$150 million to continue the National Programs and \$75 million to continue the National Coordinator Initiative in 2001. Funding levels in 2000 were \$111 million and \$50 million, respectively. It would establish a Safe and Drug Free Schools and Communities Advisory Committee to coordinate federal programs. The advisory committee would be composed of representatives from eight federal institutions and state and local governments. Authorized activities would include technical and training assistance, research and program evaluations, and information dissemination. CBO does not assume this new provision will significantly alter the spending of these programs.

Part B - Gun Free Requirements. S. 2 would introduce two new requirements for recipients of funds under Title IV of ESEA. States must have in effect a state law mandating a one-year suspension for students caught with a weapon. Secondly, LEAs receiving funds under this part must have a policy of referring such students to juvenile court and comply with the state suspension law. CBO estimates no costs associated with this part.

Part C - School Safety and Violence Prevention. Part C would not authorize additional funds but would expand the allowable activities for funds authorized under Titles IV and VI of ESEA. Under S. 2, funding under these two titles could be used for training school personnel to identify illegal weapons and respond to emergencies, purchasing school security equipment, or assisting schools to implement school uniform policies. It would also require states receiving funds under this part to establish policies for transferring data between LEAs regarding student expulsions and suspensions. CBO estimates no change in spending from these provisions.

Title V - Educational Opportunity Initiatives. Title V would authorize a total of \$1.2 billion for 2001 for a variety of programs. CBO estimates the total cost of implementing this title would be \$8.0 billion for the 2001-2006 period, with resulting outlays of \$5.7 billion over that period.

Part A - Technology Education. S. 2 would authorize \$815 million for 2001 to continue the Technology for Education program, currently authorized under Part A of Title III of ESEA.

For 2001 only, S. 2 would authorize an additional \$5 million for the National Programs Initiative and an additional \$10 million for the Regional Technical Support and Professional Development program, to cover one-time requirements. These additional authorizations address the costs of two new requirements that S. 2 would introduce. Under the National Programs Initiative, S. 2 would require the Secretary to update the National Long-Range Technology Plan within 12 months of the bill's enactment. S. 2 would require recipients of

funds granted under the Regional Technical Support and Professional Development program to submit a report to the Congress detailing program activities within three months of enactment.

The bill would require recipients to use funds for the State and Local Programs on initiatives to involve parents in their children's technology education and to prepare teachers in technology. It would also require the Secretary to submit an evaluation of both the Technology Literacy Challenge and the Technology Literacy Fund within three years of enactment. CBO expects that any changes would not affect current spending patterns in these programs.

Part B - Star Schools. S. 2 would authorize \$50 million for 2001 to continue the Star Schools program. The funding level for 2000 was \$51 million.

Part C - Magnet Schools Assistance. S. 2 would authorize \$125 million for 2001 to continue the Magnet Schools program currently authorized under Part A of Title V of ESEA. Funding for 2000 was \$110 million. S. 2 would add provisions to ensure that programs are sustainable once federal funds are no longer available. States are currently allowed to set aside for planning 50 percent in year one, 15 percent in year two, and 10 percent in year three. S. 2 would increase the amounts for years two and three to 25 percent and 15 percent, respectively. It would also require the Secretary to disseminate evaluation results publicly.

Part D - Charter Schools. The Charter School program is currently authorized through 2003 under the Charter School Reauthorization Act (Public Law 105-278) and through 2004 under GEPA. S. 2 would authorize \$175 million for 2001 and extend the authorization through 2005 (2006 under GEPA). The comparable funding for 2000 was \$145 million.

Part E - Women's Educational Equity. S. 2 would authorize \$5 million to continue the Women's Educational Equity program for 2001, currently authorized under Part B of Title V of ESEA. The 2000 funding level was \$3 million.

Part F - Civic Education. As part of the Civic Education program, currently authorized under Part F of Title X of ESEA, the Secretary contracts with the Center for Civic Education to conduct two specific civic education programs. Under the International Education Exchange program, authorized under Part VI of Goals 2000, educational leaders from democratic countries are eligible to participate in a variety of activities aimed at improving education about democracies and free markets. S. 2 would reauthorize both programs together as Part F of Title V of ESEA. It would require the Secretary to continue the programs under contract with the Center for Civic Education and also would authorize additional contracts with other entities such as the National Council on Economic Education.

For 2001, S. 2 would authorize \$10 million for the Civic Education program and \$10 million for activities under the International Education Exchange program, currently funded at \$10 million and \$7 million, respectively. CBO estimates both programs will continue to spend funds at their current rates.

S. 2 would repeal the currently unfunded Instruction in Civics, Government, and Law program that authorizes competitive grants to LEAs for civic instruction.

Part G - Fund for the Improvement of Education (FIE). The Fund for the Improvement of Education, authorized under Part A of Title X of ESEA, authorizes over 25 activities or programs that have educational significance at the national level. S. 2 would reduce this list to include only the identification of exemplary schools, the creation of model professional development programs, and five specific programs. The five programs are the Character Education program, the Scholar Athlete Competition, the Elementary School Counseling Demonstration, the Smaller Learning Communities Initiative, and the National Student and Parent Mock Election. S. 2 would introduce modifications to some of these programs. The Comprehensive School Reform program, currently authorized under this fund, would be authorized as Part F of Title I.

S. 2 would authorize \$100 million for 2001 for activities under this part. The 2000 funding level for the more broadly defined program was \$244 million.⁴ CBO assumes spending rates will remain consistent with current funding of this program.

Part H - Allen J. Ellender Fellowships. S. 2 would authorize \$1.5 million for 2001 to continue the Allen J. Ellender Fellowships program. The funding level for 2000 was also \$1.5 million.

Part I - Ready to Learn TV. S. 2 would authorize \$50 million, a significant increase over the 2000 funding level of \$16 million to continue the Ready to Learn TV program, currently authorized under Part C of Title III of ESEA. Despite the large funding increase, CBO assumes that spending would continue to reflect the historical pattern for this program.

Part J - Inexpensive Book Distribution. S. 2 would authorize \$25 million for 2001 to continue the Inexpensive Book Distribution program. The 2000 funding level was \$20 million.

Title VI - Innovative Education. Title VI would authorize a total of \$975 million for 2001 for several new initiatives aimed at increasing the flexibility for spending federal funds.

4. This total includes \$50 million for the non-Title I component of the Comprehensive School Reform.

CBO estimates the total cost of implementing this title would be \$6.1 billion for the 2001-2006 period, with resulting outlays of \$4.7 billion over that period.

Part A - Innovative Education Program Strategies. S. 2 would authorize 2001 funding of \$850 million to continue the current block grant program under Title VI of ESEA. Comparable funding for the 2000-2001 academic year was \$366 million.

Part B - Rural Education Flexibility. Part J of Title X of ESEA authorizes the Urban and Rural Education Assistance program to provide additional funding to support the special needs of these populations. The program has received no funding for either rural or urban assistance.

Title VI of S. 2 would repeal the existing authorization and authorize a new rural education system in its place. The program would consist of two parts: a formula grant program for small rural LEAs, and a competitive grant program for larger rural schools that serve high-poverty populations.

Because federal funds are generally allocated based on population, small rural LEAs often receive grants that are insufficient to cover the activities authorized under those programs. Subpart 1 of Part B of Title VI would provide supplemental grants to ensure that eligible LEAs receive a minimum total funding level under Titles II, IV, and the remainder of Title VI of ESEA. Grants under this program would be equal to the minimum level less any amounts received under these other titles in the same year. The guaranteed minimum level would be \$20,000 plus an additional \$100 for every student above a base enrollment of 50, not to exceed \$60,000 for any LEA.

Subpart 2 would authorize competitive grants to rural LEAs that educate a significant number of low-income children. LEAs that qualify for grants under subpart 1 have the option to apply for a competitive grant under subpart 2 instead, but no LEA can receive grants under both parts.

S. 2 would authorize a total of \$125 million for 2001 for subparts 1 and 2, and such sums as may be necessary thereafter. It would reserve \$62.5 million for the formula grants under subpart 1. Assuming appropriation of the authorized amounts under titles II, IV, and VI, CBO estimates this amount would be sufficient to fully fund this subpart. Grants under both subparts could be used for any activities authorized under those three titles; therefore, CBO assumes a spending rate consistent with the block grant program under part A of title VI of this bill.

Part D - Administrative Flexibility Program. S. 2 would direct the Secretary to conduct an evaluation of the use of administrative funds to be completed no later than July 1, 2004. A

similar evaluation was required under the previous authorization. CBO estimates the cost of the evaluation would be less than \$500,000.

Title VII - Bilingual Education. S. 2 would authorize \$500 million for 2001 for the Bilingual Education program, currently authorized under Title VII of ESEA. The funding level for 2000 was \$406 million. CBO estimates the total cost of implementing this title would be \$3.1 billion for the 2001-2006 period, with resulting outlays of \$2.5 billion over that period.

S. 2 would authorize \$300 million for 2001 to expand the Bilingual Grant program, authorized under Part A of Title VII of ESEA. The funding level for 2000 was \$248 million.

S. 2 would repeal the implementation and development grant program and increase the award period for program enhancement grants from two to three years. It would increase the data collection and evaluation requirements for grant recipients and remove a restriction on the use of funds for alternative programs. It would also consolidate the existing school-wide and system-wide programs, requiring that at least one-third of grants under the consolidated program be awarded for system-wide initiatives. S. 2 would increase the minimum grant amount for Academic Excellence Awards to states from \$100,000 to \$200,000. CBO estimates that the increased scope of the program will result in a spending rate that is slower than under the current program.

The bill would not extend the authorization of the Foreign Language Assistance program. The funding level for 2000 was \$8 million.

S. 2 also would authorize \$200 million to continue the Emergency Immigrant Education program. The funding level for 2000 was \$150 million.

Title VIII - Impact Aid. S. 2 would authorize about \$1 billion for 2001 to continue the Impact Aid Program, currently authorized under Title VIII of ESEA. CBO estimates the total cost of implementing this title would be \$6.5 billion for the 2001-2006 period, with resulting outlays of \$6.3 billion over that period.

S. 2 would authorize \$35 million for 2001 to continue the Payments for Acquisition of Federal Property program. The 2000 funding level for this program was \$32 million.

S. 2 would also continue to authorize additional payments for certain LEAs under ESEA's subsection 8002(j), a previously unfunded provision. Payments under this section would support LEAs that qualify for payments under subsections 8002(b) and 8003(b) and have unique circumstances that increase the costs imposed by the existence of federally owned

property. The bill would authorize \$500,000 for 2001 and such sums as may be necessary for fiscal years 2001 through 2005.

S. 2 would authorize continued payments to compensate LEAs that educate children whose parents' residence or work location partially or fully exempts them from local taxes. These payments are currently authorized under ESEA's section 8003. It would alter the criteria for designating heavily impacted districts and set a maximum grant amount for those districts. It would revise the existing payment structure for heavily impacted districts, making a single payment instead of two. It would also authorize \$875 million for both basic payments and payments for heavily impacted districts. Combined funding in 2001 for these programs was \$809 million.

S. 2 would authorize \$60 million for 2001 for payments to LEAs that educate a significant number of students with disabilities, payments that are currently authorized under subsection 8003(d), and additional payments for this purpose, under section 8003(g). The 2000 funding level for these payments was \$50 million.

The bill would authorize \$62.5 million for 2001 for school construction and renovation. It would permanently set aside 80 percent of appropriated funds for a new school modernization initiative. LEAs with significant repair needs would be eligible to compete for grants if they had no remaining capacity to issue bonds or their facilities posed health or safety threats to their students. Recipients would be required to use nonfederal funds to cover half of any project costs. Remaining funds would be allocated to continue the current formula construction program, currently authorized under subsection 8008. The 2000 funding level was \$10 million.

CBO estimates the application and matching requirements of the school modernization component would cause spending to occur more slowly than for the current construction grants. The remaining money for construction would still be expected to spend at its current rate.

S. 2 would authorize \$7 million in 2001 to continue the Facilities Maintenance program, currently authorized under section 8008. The funding level for 2000 was \$5 million.

The bill would repeal section 8006, which was not funded in 2000. Section 8006 authorized payments to support sudden and substantial increases in the number of federally connected students.

Title IX - Indian, Native Hawaiian, and Alaska Native Education. S. 2 would authorize \$109 million in 2001 to continue education programs for Native Indian, Native Hawaiian and Alaska Native students, currently authorized under Parts A, B, and C of Title IX of ESEA.

Comparable funding for 2000 was \$113 million. CBO estimates the total cost of implementing this title would be \$682 million for the 2001-2006 period, with resulting outlays of \$543 million over that period.

Part A - Native Indian Education Programs. S. 2 would authorize \$62 million to continue to provide grants to LEAs in 2001 under the Indian Education program, the same amount that was appropriated for 2000. It would authorize a separate \$4 million to continue special programs and national activities, compared to 2000 funding of \$15 million. In addition, it would authorize \$3 million for a new grants administration and planning component.

Part B - Native Hawaiian Education Programs. S. 2 would authorize 2001 funding of \$23 million to continue the Native Hawaiian Education program, the same amount that was appropriated for 2000.

Part C - Alaska Native Education Programs. S. 2 would authorize \$17 million to continue the Alaska Native Education program in 2001, compared to 2000 funding of \$13 million.

Title X - General Provisions. S. 2 would authorize a total of \$73 million for 2001 for the American Education Goals Panel and to continue to fund regional centers that provide assistance for implementing programs under ESEA. CBO estimates the total cost of implementing this title would be \$454 million for the 2001-2006 period, with outlays of \$352 million over that period.

Part D - American Education Goals Panel. S. 2 would authorize \$2.5 million for 2001 for the activities of the American Education Goals Panel. This panel is responsible for reporting on national progress toward achieving America's education goals.

Part E - Comprehensive Regional Assistance Center. S. 2 also would authorize \$70 million in 2001 to continue the Comprehensive Regional Assistance Center program, currently authorized under part A of Title XIII of ESEA. The funding level for 2000 was \$28 million. Despite the increase in funds, CBO estimates spending consistent with the current program.

Title XI - Amendments to Other Laws. Title XI would repeal the Goals 2000: Education America Act and Part B of Title VIII of HEA. It would also authorize a total of \$41 million to continue education programs in 2001 for homeless youth and to provide fellowships for distinguished educators. CBO estimates the total cost of implementing this title would be \$255 million over the 2001-2006 period, with resulting outlays of \$197 million over that period.

Part B - McKinney Homeless Education Improvements Act of 1999. Title VII of S. 2 would reauthorize Part B of the McKinney Act, authorizing \$40 million for 2001. Comparable funding for 2000 was \$29 million.

Part C - Albert Einstein Distinguished Educators. S. 2 would authorize 2001 funding of \$700,000 to continue the Albert Einstein Distinguished Educators awards, currently funded through the Department of Energy.

Direct Spending

CBO estimates that Title VI of S. 2 would increase direct spending by \$2.6 billion in 2006, and by an additional \$100 million over the following two years combined.

Title VI would introduce two new programs that offer states and LEAs flexibility in the use of federal funds in exchange for entering into performance agreements with the Secretary of Education. Under both the Education Flexibility program and the Academic Achievement for All Demonstration, participants would be able to consolidate funds from their choice of eligible programs without regard for most provisions of those programs. The list of eligible programs would be essentially the same under both programs and would include most of the formula grant programs authorized under S. 2. Both programs would maintain certain provisions, such as adherence to civil rights laws and allowing private school participation. Participants in both programs would be required to submit a plan for how they would use the consolidated funds to meet specific achievement goals within five years. Penalties for failure to comply under both programs include termination of the agreement and the withholding of administrative funds.

The two programs would differ in their scope, flexibility, and review process. Under the Education Flexibility program, all states and LEAs would be eligible to participate, whereas the Academic Achievement for All Demonstration would be limited to 15 states and an additional 22 LEAs. Unlike the Academic Achievement for All Demonstration, the Education Flexibility program would maintain the school-level targeting requirements for participants that include funds under Part A of Title I in their performance plans. The Education Flexibility program would establish a more rigorous review process.

In addition, both programs would establish separate achievement reward programs to make payments to states that demonstrate specific academic progress: the Closing the Achievement Gap Bonus Awards under the Education Flexibility program and the Achievement Gap Reduction Rewards under the Academic Achievement for All Demonstration.

The Closing the Achievement Gap Bonus Awards program would make payments to any state that reduces its achievement gap in three out of four assessments by a greater margin than the average national reduction over a five-year period. The achievement gap refers to the 4th- and 8th-grade math and English test score differential between students on free and reduced lunch and those who are not, based on a national test. The rewards would be made at the end of the fifth academic year after the first state enters into a performance agreement under the flexibility program; however, eligibility for the award would not be contingent on participation in the flexibility program.

S. 2 would provide funding for this award by making a single-year direct appropriation of \$2.5 billion dollars in the fifth full fiscal year after any state enters into a performance agreement. The funds would be distributed among eligible states based on their relative enrollment. CBO estimates that at least one state would participate in the program for the 2001-2002 academic year and that awards would be made at the end of the 2005-2006 academic year, presumably after May of 2006. Therefore, CBO estimates direct spending of \$2.5 billion in 2006. Because the program would not restrict the use of payments by the recipients, CBO estimates that the total amount would be spent in the same year.

The Achievement Gap Reduction Rewards program would only apply to states that enter into performance plans under the Academic Achievement for All Demonstration. The achievement gap under this program would be based on the difference in the percentage of high versus low performing students who meet the state's proficient level. States would be eligible for an award if they reduce the achievement gap in any content area by 25 percent after five years. States could also qualify if two specific student populations demonstrate a 25-percent increase in the percentage meeting the proficient level in any content area. The specific student populations would be based on demographic factors such as race, ethnicity, or income level. A state would be entitled to a payment if they achieve either of these criteria in two content areas, one of which must be math or reading. The amount of the payment would be not less than 5 percent of the total amount of funds included in the state's performance plan. The Secretary would be directed to set aside funds appropriated for the Fund for the Improvement of Education in 2001 to cover the costs of these payments. However, neither the payment level nor the requirement to make such payments would be subject to such appropriations and the program would therefore constitute a new entitlement.

Although states would not be allowed to participate in both flexibility programs, participants in the Academic Achievement for All Demonstration are not precluded from receiving payments under the Closing the Achievement Gap Award program. CBO estimates most states would prefer the Academic Achievement for All Demonstration because of the added flexibility, the simpler application process, and the potential bonus. However, based on the experience of other flexibility programs, we do not assume that the maximum number of states would participate in 2001, but that the maximum would be reached by 2003. CBO

assumes that states that do participate would choose to include all of the eligible programs in their plan. While most states might be eligible for payments, CBO estimates that only two-thirds would meet the entitlement criteria in each year. Based on these assumptions, CBO estimates direct spending of \$100 million in 2006—the first year that states could be entitled to these payments, \$60 million in 2007, and \$40 million in 2008.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The estimated impact of S. 2 on direct spending is shown in Table 3. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

TABLE 3. ESTIMATED IMPACT OF S. 2 ON DIRECT SPENDING AND RECEIPTS

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	0	0	0	0	0	2,600	60	40	0	0
Changes in receipts	0	0	0	0	0	0	0	0	0	0	0

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 2 would reauthorize certain sections of the Elementary and Secondary Education Act of 1965 which provide over \$25 billion in grants to state and local education agencies and tribal governments to support their efforts to improve educational opportunities and performance for specific populations of students. The bill contains no intergovernmental mandates as defined in UMRA. In general, any costs to state, local, or tribal governments as a result of enactment of this bill would be incurred voluntarily, as conditions of aid.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill contains no private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATES

CBO has prepared estimates of five related bills that have been ordered reported during the 106th Congress:

- H.R. 1995, as ordered reported by the House Committee on Education and the Workforce on June 30, 1999, would consolidate funding for teacher training initiatives, similar to part A of title II of S. 2. (See CBO estimate dated July 1, 1999.)
- H.R. 2300, as ordered reported by the House Committee on Education and the Workforce on October 13, 1999, would authorize the Straight A's program to consolidate funding under several education programs and is similar to the Academic Achievement for all Demonstration Program under title VI of S. 2. (See CBO estimate dated October 15, 1999.)
- H.R. 2, as reported by the House Committee on Education and the Workforce on October 18, 1999, addressed Education for the Disadvantaged, Rural Education, Education for the Homeless, Education for Indians, Native Hawaiians, and Alaska Natives, and the Magnet School and Charter School programs. S. 2 would also reauthorize these same programs with some significant variations. (See CBO estimate dated October 19, 1999.)
- H.R. 3616, as ordered reported by the House Committee on Education and the Workforce on February 16, 2000, would reauthorize the Impact Aid program with some significant differences from title VIII of S. 2. (See CBO estimate dated February 28, 2000.)
- H.R. 3222, as ordered reported by the House Committee on Education and the Workforce on February 16, 2000, would reauthorize the Even Start Family Literacy and Inexpensive Book Distribution programs, with few variations from the authorizations under S. 2. (See CBO estimate dated February 18, 2000.)

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